



THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: January 19, 2005 REPORT NO. 05-015

ATTENTION: Honorable Mayor and City Council
Docket of January 25, 2005

SUBJECT: San Diego Fire/Rescue Helicopter Procurement

SUMMARY

Issue –

1. Should the City Council authorize the City Manager to award a contract to ACROHELIPRO Global Services to acquire, inspect, repair as necessary, and deliver one refurbished Bell 212HP fire/rescue helicopter?
2. Should the City Council authorize the City Manager to finance one Bell 212HP fire/rescue helicopter under the Equipment and Vehicle Financing Program over a period of either seven or ten years or cash funding with the intent to reimburse when financing is available?
3. Should the City declare its intent to use proceeds of indebtedness to reimburse itself for the purchase of a fire/rescue helicopter?

Manager's Recommendations –

1. Authorize the City Manager to award a contract to ACROHELIPRO Global Services to acquire, inspect, repair as necessary, and deliver one refurbished Bell 212HP fire/rescue helicopter.
2. Authorize the City Manager to finance one Bell 212HP fire/rescue helicopter under the Equipment and Vehicle Financing Program over a period of either seven or ten years or cash funding with the intent to reimburse when financing is available.
3. Declare the City's intent to use proceeds of indebtedness to reimburse itself for the purchase of a fire/rescue helicopter.

Fiscal Impact –

No fiscal impact to the City in Fiscal Year 2005. ACROHELIPRO Global Services has quoted a cost of up to \$3.75 million for the acquisition,

refurbishment, and delivery of one Bell 212HP helicopter, with delivery expected in June 2005. The cost of the acquisition, refurbishment, and delivery are expected to be financed over either a seven- or ten-year term via the Equipment and Vehicle Financing Program, or cash funded with the intent to be reimbursed when financing is available. A sales tax payment (at 7.75%) of \$290,700 will be due in July 2005. The first lease-purchase payment will be due in February 2006. Financing the acquisition will result in a cost in Fiscal Year 2006 of \$223,200 to \$309,300 depending upon the financing term. Sales tax and lease-purchase payments are contingent upon approval of the Fiscal Years 2006-2015 budgets. Including personnel and direct operating costs of \$2,185,350, the total cost of the program for Fiscal Year 2006 is \$2,699,300 to \$2,785,350.

BACKGROUND

Following the devastating wildfires in October 2003, the City and County of San Diego retained the nationally recognized and respected aviation consulting firm of Conklin & de Decker to conduct a comprehensive study of an aircraft program that would best meet the region's needs. This study was produced in two phases. Completed in January 2004, Phase I recommended that San Diego county acquire and operate at least three medium class helicopters to meet the region's multi-mission requirements. Of the medium class helicopters identified as options in the study, only a new or refurbished, twin-engine, FAA standard category certificated helicopter such as Copter 1 was recommended.

In order to meet the region's goal of acquiring at least three, permanent multi-mission helicopters in San Diego, the City Council approved the issuance of a Request for Proposal (RFP) in August 2004, for the lease-purchase of one fire/rescue helicopter with an option to acquire a second. RFP No. 7667-05-Q was issued in September 2004, and two vendors submitted proposals. After a thorough technical evaluation, ACROHELIPRO Global Services was selected for negotiations. The second company, Eagle Helicopter, withdrew its proposal from consideration in late November.

DISCUSSION

The San Diego Fire-Rescue Department (SDFD) has spent considerable effort researching the most cost effective approaches to procuring and operating fire/rescue helicopters. Specifically, three procurement options have been explored: one new Bell 412EP, one refurbished Bell 212HP, and two refurbished Bell 212HPs. Based upon the analysis highlighted below, SDFD has determined that the procurement of one refurbished Bell 212HP with an option to purchase a second helicopter is the most cost efficient option available to the City.

SDFD seeks approval to award a contract to ACROHELIPRO Global Services to acquire, inspect, refurbish, and deliver one completed Bell 212HP helicopter configured for emergency multi-missions. ACROHELIPRO Global Services has quoted a cost of up to \$3.75 million for one Bell 212HP helicopter with delivery expected in June 2005. Due to unknown factors such as

airframe availability and condition, it is not possible to determine the exact cost at this time. The cost of acquisition, refurbishment, and delivery will be financed over either a seven or ten year term or cash funding with the intent to reimburse when financing is available through the Equipment and Vehicle Financing Program. The sales tax for the full purchase price of the helicopter will be due in July 2005, and the first annual payment will be due in February 2006.

This helicopter will have the same equipment and capabilities that are currently available in Copter 1. In addition, ACROHELIPRO Global Services proposes to provide a guaranteed parts replacement program to the City as part of the contract. This program applies to parts only and will cover the airframe, power plant, drive train, and associated components, or any part thereof, ensuring that the inspection, maintenance, and overhaul costs for the helicopter are predictable to the greatest degree possible.

Once delivered and accepted, the helicopter will be dedicated primarily to the City of San Diego. However, the helicopter would continue to respond to emergency incidents on the freeways at no cost, as reflected in the Memorandum of Understanding between SDFD and the Service Authority for Freeway Emergencies (SAFE). In Fiscal Year 2005 SAFE dedicated \$250,000 toward the operating expenses of the Helicopter Program. The Helicopter Program will continue to build on its regionally based training and staffing partnerships with all San Diego county fire and law enforcement agencies. In addition, SDFD will continue to work with the San Diego County Fire Chiefs' Association to develop a Joint Powers Authority, or some other joint agreement, to share the cost of the Helicopter Program. If no agreements are in place by July 2005, the City will pursue cost recovery from other agencies and will invoice for services provided. The intent of these agreements is to defray a portion of the operating costs of the Helicopter Program. A caveat to these agreements is the understanding that the helicopter will be diverted back to the City of San Diego in the event of an incident within the City that necessitates the use of the helicopter.

It is anticipated that the combination of the SAFE grant, corporate sponsorships, and reimbursements from other agencies may realize as much as \$750,000 per year.

Respectfully submitted,

Jeff Bowman
Fire Chief

P. Lamont Ewell
City Manager

BOWMAN/BF

Attachments:

1. Equipment and Vehicle Financing Program Estimate Ten-Year Term (11/9/04)
2. Equipment and Vehicle Financing Program Estimate Seven-Year Term (12/14/04)